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TO RUEHC/SECSTATE WASHDC IMMEDIATE 5930
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 5712
RUEHLM/AMEMBASSY COLOMBO PRIORITY 6018
RUEHKA/AMEMBASSY DHAKA PRIORITY 1247
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4040
RUEHLO/AMEMBASSY LONDON PRIORITY 5328
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1426
RUEHCI/AMCONSUL KOLKATA PRIORITY 3455
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2664
RHEFDIA/DIA WASHDC PRIORITY
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000965

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SUBJECT: NEPAL: ROYAL CONFIDANT CAUTIOUSLY OPTIMISTIC ABOUT
GOI POLICY

REF: KATHMANDU 907

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

Summary

11. (C) On May 12, royal confidant Prabhakar Rana expressed optimism to the Ambassador that the Government of India might take a more positive role in Nepal's politics. According to Rana, who met with Indian Ambassador Shiv Shankar Mukherjee on May 11, Mukherjee planned to push Prime Minister Koirala to restore law and order, respond to Madhesi demands, and reunite the Nepali Congress and Nepali Congress-Democratic parties. Rana expressed the view that Mukherjee's comments reflected suggestions former Prime Minister Surya Bahadur Thapa had made during his recent consultations in New Delhi (reftel). Rana also suggested that Indian Prime Minister Manmohan Singh intended to discuss Nepal with President Bush during their next meeting.

Mukherjee Ready to Press Koirala

12. (C) On May 12, royal confidant Prabhakar Rana highlighted to the Ambassador that the Government of India seemed to have taken a firmer line on Nepal's political situation. Rana reported that on May 11, Indian Ambassador Shiv Shankar Mukherjee had told him he planned to urge PM Koirala to enforce law and order. Rana said Mukherjee planned to press Koirala to form a Commission of Inquiry into the events of the Madhesi movement in January and February 2007 and to revisit the issue of electoral constituencies. The Constituency Delineation Commission had not consulted sufficiently with Madhesis before issuing its findings. Mukherjee told Rana he intended to emphasize the importance of Koirala reuniting his Nepali Congress Party with its splinter party, the Nepali Congress- Democratic. Mukherjee had stressed that regardless of the government in power in New Delhi, India had an interest in a peaceful Terai and thus it would not be wise for the Government of Nepal to ignore Madhesi demands.

Gyanendra Hesitant to Abdicate

¶3. (C) When asked by the Ambassador if King Gyanendra planned to abdicate, Rana replied that he suspected that, if Gyanendra did so, he would wait until it was too late. Part of the problem, Rana admitted, was that Crown Prince Paras was reluctant to join his father in abdicating. Paras did not see why he should be punished for his father's sins, a view which Rana acknowledged was ridiculous, given Paras' many transgressions.

India Concerned, Ready to Discuss Nepal

¶4. (C) Rana noted that Mukherjee planned to push hard for reunification of Koirala's Nepali Congress and Sher Bahadur Deuba's Nepali Congress-Democratic parties. Mukherjee seemed concerned about whether PM Koirala's heir apparent, Peace and Reconstruction Minister Ram Chandra Poudel, was up to the task, and thus wanted NC/D Chief and former Prime Minister Sher Bahadur Deuba to take over if something happened to the Prime Minister. Rana stated he had heard from a source in the Indian Prime Minister's office that PM Manmohan Singh expected to discuss Nepal in his next meeting with President Bush. Rana was hopeful that Indian officials would begin to send a more unified message to the political parties and the Maoists.

Comment

¶5. (C) Royal confidant Prabhakar Rana is convinced that former Nepali PM Thapa's consultations with Indian officials

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in late April had helped to pave the way for more positive GOI engagement in Nepal's politics. We would argue, from our perspective, that the Government of India has never been disengaged in Nepal but has certainly sent mixed and at times confusing signals. If New Delhi takes a firmer, clearer line, everyone will benefit. If President Bush does meet with PM Singh and the Indian Prime Minister does raise Nepal, Singh will no doubt welcome our views on next steps.

MORIARTY